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MEDIA ADVISORY - U.S. Rep. Charlie Melancon joined Florida Representatives Ron Klein, Tim Mahoney and Ginny Brown-Waite, along with Financial Institutions Subcommittee Chair Carolyn Maloney (NY) and Financial Services Committee Chairman Barney Frank (MA), and other Members in a press conference today to announce their unified support toward reducing insurance rates. During the press conference, the Members discussed developing legislation that would create a national catastrophe program for property insurance, with the ultimate goal of increasing coverage and reducing multi-peril insurance rates. At the press conference, Chairman Frank announced that hearings on the legislation will be held in the Subcommittee on Housing and Community Opportunity.

"The widespread devastation caused by Hurricanes Katrina and Rita has caused an insurance crisis all along the Gulf Coast, from Texas to Florida," said Rep. Charlie Melancon (LA-3). **"In south Louisiana, many people who survived the storms are being forced to pay two and three times as much for insurance to protect their homes -- if they can even get insurance, which many can't anymore. Congress must do something to help these people gain access to affordable insurance so they can continue living and working in our coastal communities. I commend Chairman Frank, Congressmen Klein and Congressman Mahoney for this leadership and look forward to working with them on addressing this critical challenge."**

Under a national catastrophe plan, a federal program would be established to assist state insurance programs, private insurers, and reinsurers, in covering losses relating to natural disasters that occur on a scale of catastrophic proportions. A national catastrophe fund would allow natural disasters to be addressed through a comprehensive public-private partnership, with private industry, and state, local and federal governments each playing an appropriate role. Such a system would allow the private insurance market and state programs to operate with increased efficiency by providing a high level of protection to deal with catastrophic events.

With the federal government currently in the position of being the de facto insurer of last resort, the goal of a national catastrophic program would be to establish a more efficient

system to foster predictable coverage at reasonable rates.

"I took 25 of my colleagues to the Gulf Coast a year after Hurricane Katrina hit, and the thing that struck us most was the extent of destruction that still remained. We quickly learned that one of the major obstacles to rebuilding the region wasn't debris, it was insurance companies refusing to honor contracts, no matter how long they held the contract or how broadly it was written. Now we're finding insurance companies are pulling out of the area altogether, leaving homeowners without critical coverage. That's why I'm supporting the efforts of Reps. Klein and Mahoney to create a national catastrophe fund to make insurance available to those impacted by a natural disaster. This not only helps our fellow Americans in the gulf coast, it benefits any American in the path of a hurricane, tornado, earthquake or flood," said Democratic Whip James Clyburn (SC-6).

"A successful catastrophe program must help the insurance industry manage risk, provide homeowners reliable and affordable insurance and create incentives for builders and homeowners to mitigate losses by using state of the art construction technology," said Rep. Tim Mahoney (FL). "We aim to provide an equitable means for all homeowners to benefit from this legislation."

"Consumer protection will be a major component of our national catastrophe program legislation. The increased security and predictability of a national backstop will help to stabilize markets following a catastrophe, prevent insurance availability problems, and reduce insurance costs for consumers," said Rep. Ron Klein. "Cost savings realized under the national catastrophe program will not be retained by insurers and state programs, but rather will be passed on to consumers. The ability for these savings to be achieved at the retail level is at the core of this effort."

Rep. Melancon added, "The bill we are working on will help make catastrophic insurance more affordable and encourage the private sector to cover all manner of disasters, including hurricanes, floods, and earthquakes. As a fiscal conservative, I am pleased that this plan will involve the private sector in a partnership to develop an effective solution to the insurance problem. I look forward to working with my colleagues in passing this legislation so people along the Gulf Coast are protected by affordable insurance when a disaster strikes."

Quotes from Members of Congress Around the Country

"I commend Reps. Klein and Mahoney for their leadership in this effort to ensure that property insurance is available for all qualified homeowners throughout the nation. A national catastrophe fund will provide the necessary backstop for insurance companies to re-enter Florida and other places where middle-class families have seen their rates skyrocket and their coverage eliminated due to hurricanes and other natural catastrophes," said Democratic Caucus Chair Rahm Emanuel (IL-5).

Rep. Carolyn Maloney (NY-14) said, "The victims of catastrophic disasters need to know that the insurance system will be there to help them when they need it most. This federal backstop will help ensure that individuals and communities will recover as completely and quickly as possible. Having worked on this issue in recent years, I understand the need for action, and I am glad that Rep. Klein and the committee are working hard to get it done."

"In the wake of a natural disaster, families have a hard enough time pulling their lives back together without having to worry about the out-of-pocket costs of rebuilding," said New Democratic Coalition Chair Rep. Ellen Tauscher (CA-10). "This backstop will help millions of Americans rebuild, and I'm honored to work with Congressmen Klein and Mahoney in their leadership to help families get back on track."

"After seeing the horrible destruction from Hurricane Katrina in the Gulf Coast region first-hand, it's clear that Congress must address the need for disaster recovery finance," said Rep. Dennis Moore (KS-3). "As a co-chair of the Congressional Hazards Caucus and a member of the Financial Services Committee, I look forward to working with Chairman Frank, Congressmen Klein and Mahoney, and other members of the committee to work towards a bipartisan solution. We must do all we can to protect and support the victims of future disasters."

"We can't control Mother Nature, but we can control our response to natural disasters," said Rep. Steve Israel (NY-2). "Even though it's been almost 70 years since a major hurricane has hit my congressional district on Long Island, meteorologists say we could see one again soon. As it stands, Long Island homeowners are stuck with insurance industry decisions to stop issuing policies in areas that are at high risk of a natural disaster. That's why we need the federal government to create a nationwide federal reinsurance fund for catastrophic insurance. This is a roof we need to fix while the sun is shining."

"Sky-high insurance costs are draining the wallets of my constituents and discouraging investment in our state," said Rep. Vern Buchanan (FL-13). "I look forward to working with my colleagues on both sides of the aisle to pass legislation to establish a national catastrophic fund, which would help stabilize the market and provide much-needed relief."

"Florida's private market for insurance is literally collapsing before our eyes, and not just for homeowners - but for commercial firms as well," said Rep. Debbie Wasserman Schultz (FL-20). "But this problem isn't endemic to Florida alone, it's happening across the nation. Congress has been too slow to respond. It's time we had a comprehensive solution to a national problem."

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Consumer protection will be a major component of our national catastrophe program legislation. The increased security and predictability of a national backstop will help to stabilize markets following a catastrophe, prevent insurance availability problems, and reduce insurance costs for consumers," said Rep. Klein (FL-22). "Cost savings realized under the national catastrophe program will not be retained by insurers and state programs, but rather will be passed on to consumers. The ability for these savings to be achieved at the retail level is at the core of this effort."

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